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HOUSE BILL 572

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Ben Lujan

AN ACT

RELATING TO TAXATION; CREATING THE JOB MENTORSHIP TAX CREDIT;
PROVIDING INCOME TAX AND CORPORATE INCOME TAX CREDITS FOR
EMPLOYMENT OF YOUTH PARTICIPATING IN CAREER PREPARATION
EDUCATION PROGRAMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted
to read:

"[NEW MATERIAL] JOB MENTORSHIP TAX CREDIT. --

A. To encourage New Mexico businesses to hire youth
participating in career preparation education programs, a
taxpayer who files an individual New Mexico income tax return,
who is not a dependent of another individual and who is an
owner of a New Mexico business may claim a credit in an amount
equal to fifty percent of gross wages paid to qualified

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1 students who are employed by the business during the taxable
2 year for which the return is filed. The tax credit provided by
3 this section may be referred to as the "job mentorship tax
4 credit".

5 B. A taxpayer who is an owner of a New Mexico
6 business may claim the job mentorship tax credit for each
7 taxable year in which the business employs one or more
8 qualified students. The maximum aggregate credit allowable
9 shall not exceed fifty percent of the gross wages paid to not
10 more than ten qualified students employed by the business for
11 up to three hundred twenty hours of employment of each
12 qualified student in each taxable year for a maximum of three
13 taxable years for each qualified student. In no event shall a
14 taxpayer claim a credit in excess of twelve thousand dollars
15 (\$12,000) in any taxable year. The taxpayer shall certify that
16 hiring the qualified student does not displace or replace a
17 current employee.

18 C. The department shall issue job mentorship tax
19 credit certificates upon request to any accredited New Mexico
20 secondary school that has a school-sanctioned career
21 preparation education program. The maximum number of
22 certificates that may be issued in a school year to any one
23 school is equal to the number of qualified students in the
24 school-sanctioned career preparation education program on
25 October 15 of that school year, as certified by the school

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1 principal.

2 D. A job mentorship tax credit certificate may be
3 executed by a school principal with respect to a qualified
4 student, and the executed certificate may be transferred to a
5 New Mexico business that employs that student. By executing
6 the certificate with respect to a student, the school principal
7 certifies that the school has a school-sanctioned career
8 preparation education program and the student is a qualified
9 student.

10 E. To claim the job mentorship tax credit, the
11 taxpayer must submit with respect to each employee for whom the
12 credit is claimed:

13 (1) a properly executed job mentorship tax
14 credit certificate;

15 (2) information required by the secretary with
16 respect to the employee's employment by the business during the
17 taxable year for which the credit is claimed; and

18 (3) information required by the secretary that
19 the employee was not also employed in the same taxable year by
20 another New Mexico business qualifying for and claiming a job
21 mentorship tax credit for that employee pursuant to this
22 section or the Corporate Income and Franchise Tax Act.

23 F. The job mentorship tax credit may only be
24 deducted from the taxpayer's New Mexico income tax liability
25 for the taxable year. Any portion of the maximum credit

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1 provided by this section that remains unused at the end of the
2 taxpayer's taxable year may be carried forward for three
3 consecutive taxable years; provided the total credits claimed
4 under this section shall not exceed the maximum allowable
5 pursuant to Subsection B of this section.

6 G. A husband and wife who file separate returns for
7 a taxable year in which they could have filed a joint return
8 may each claim only one-half of the credit that would have been
9 allowed on a joint return.

10 H. A taxpayer who otherwise qualifies for and
11 claims a job mentorship tax credit for employment of qualified
12 students by a partnership, limited partnership, limited
13 liability company, S corporation or other business association
14 of which the taxpayer is a member may claim a credit only in
15 proportion to his interest in the partnership, limited
16 partnership, limited liability company, S corporation or
17 association. The total credit claimed by all members of the
18 business shall not exceed the maximum credit allowable pursuant
19 to Subsection B of this section.

20 I. As used in this section:

21 (1) "career preparation education program"
22 means a work-based learning or school-to-career program
23 designed for secondary school students to create academic and
24 career goals and objectives and find employment in a job
25 meeting those goals and objectives;

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1 (2) "New Mexico business" means a partnership,
2 limited partnership, limited liability company treated as a
3 partnership for federal income tax purposes, S corporation or
4 sole proprietorship that carries on a trade or business in New
5 Mexico and that employs in New Mexico fewer than three hundred
6 full-time employees at any one time during the taxable year;
7 and

8 (3) "qualified student" means an individual
9 who is at least fourteen years of age but not more than twenty-
10 one years of age who is attending full time an accredited New
11 Mexico secondary school and who is a participant in a career
12 preparation education program sanctioned by the secondary
13 school. "

14 Section 2. A new section of the Corporate Income and
15 Franchise Tax Act is enacted to read:

16 "[NEW MATERIAL] JOB MENTORSHIP TAX CREDIT. --

17 A. To encourage New Mexico businesses to hire youth
18 participating in career preparation education programs, a
19 taxpayer that is a New Mexico business and that files a
20 corporate income tax return may claim a credit in an amount
21 equal to fifty percent of gross wages paid to qualified
22 students who are employed by the taxpayer during the taxable
23 year for which the return is filed. The tax credit provided by
24 this section may be referred to as the "job mentorship tax
25 credit".

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1 B. A taxpayer may claim the job mentorship tax
2 credit provided in this section for each taxable year in which
3 the taxpayer employs one or more qualified students. The
4 maximum aggregate credit allowable shall not exceed fifty
5 percent of the gross wages paid to not more than ten qualified
6 students employed by the taxpayer for up to three hundred
7 twenty hours of employment of each qualified student in each
8 taxable year for a maximum of three taxable years for each
9 qualified student. In no event shall a taxpayer claim a credit
10 in excess of twelve thousand dollars (\$12,000) in any taxable
11 year. The employer shall certify that hiring the qualified
12 student does not displace or replace a current employee.

13 C. The department shall issue job mentorship tax
14 credit certificates upon request to any accredited New Mexico
15 secondary school that has a school-sanctioned career
16 preparation education program. The maximum number of
17 certificates that may be issued in a school year to any one
18 school is equal to the number of qualified students in the
19 school-sanctioned career preparation education program on
20 October 15 of that school year, as certified by the school
21 principal.

22 D. A job mentorship tax credit certificate may be
23 executed by a school principal with respect to a qualified
24 student, and the executed certificate may be transferred to a
25 New Mexico business that employs that student. By executing

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1 the certificate with respect to a student, the school principal
2 certifies that the school has a school-sanctioned career
3 preparation education program and the student is a qualified
4 student.

5 E. To claim the job mentorship tax credit, the
6 taxpayer must submit with respect to each employee for whom the
7 credit is claimed:

8 (1) a properly executed job mentorship tax
9 credit certificate;

10 (2) information required by the secretary with
11 respect to the employee's employment by the taxpayer during the
12 taxable year for which the credit is claimed; and

13 (3) information required by the secretary that
14 the employee was not also employed in the same taxable year by
15 another New Mexico business qualifying for and claiming a job
16 mentorship tax credit for that employee pursuant to this
17 section or the Income Tax Act.

18 F. The job mentorship tax credit may only be
19 deducted from the taxpayer's corporate income tax liability for
20 the taxable year. Any portion of the maximum credit provided
21 by this section that remains unused at the end of the
22 taxpayer's taxable year may be carried forward for three
23 consecutive taxable years; provided the total credits claimed
24 pursuant to this section shall not exceed the maximum allowable
25 under Subsection B of this section.

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G. As used in this section:

(1) "career preparation education program" means a work-based learning or school-to-career program designed for secondary school students to create academic and career goals and objectives and find employment in a job meeting those goals and objectives;

(2) "New Mexico business" means a corporation that carries on a trade or business in New Mexico and that employs in New Mexico fewer than three hundred full-time employees during the taxable year; and

(3) "qualified student" means an individual who is at least fourteen years of age but not more than twenty-one years of age who is attending full time an accredited New Mexico secondary school and who is a participant in a career preparation education program sanctioned by the secondary school. "

Section 3. APPLICABILITY.--The provisions of this act apply to taxable years beginning on or after January 1, 2003.